

FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO



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Natalie A. Jaresko
Executive Director

BY ELECTRONIC MAIL

August 27, 2018

The Honorable Ricardo A. Rosselló Nevares
Governor of Puerto Rico
La Fortaleza
PO Box 9020082
San Juan, PR 00902-0082

Dear Governor Rosselló Nevares:

This letter serves as a Notice of Violation pursuant to Section 202(c)(1) of PROMESA. The Oversight Board has determined, in its sole discretion, that the requested revisions to the certified budget for the Puerto Rico Energy Bureau (the “PREB” formerly known as the Puerto Rico Energy Commission or “PREC”) for fiscal year 2019 are not compliant with the New Fiscal Plan for the Commonwealth, as certified on June 29, 2018 (the “Fiscal Plan”). The Oversight Board looks forward to reviewing a revised budget for the PREB that it hopes it can determine is compliant with the Fiscal Plan.

The requested revisions to the certified budget for the PREB are not compliant with the Fiscal Plan because they include an allocation for Christmas bonuses. The Fiscal Plan is clear on this measure. Additionally, the Fiscal Plan establishes that a strong, independent, and expert regulator is required for the successful implementation of the power sector transformation. To this end, Section 9.1.1 of the Fiscal Plan provides that PREB’s “Commissioners should be supported in their oversight role by a professional civil servant staff that has utility expertise” yet we observed that over two-thirds of the payroll in the requested revisions to the certified budget for the PREB would be spent on trust employees. Allocating most of the payroll budget for trust employee positions is inconsistent with that aspect of the Fiscal Plan.

Please provide a revised PREB budget that is compliant with the requirements set forth in the Fiscal Plan as well as the necessary corrective actions described herein by August 29, 2018.

The Hon. Rosselló Nevares

August 27, 2018

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We look forward to your prompt response and to continue working with you and your staff on this matter.

Sincerely,



Natalie A. Jaresko

CC: Christian Sobrino Vega
José Marrero Rosado
Raúl Maldonado Gautier
Teresita Fuentes Marimón
Edison Avilés Deliz

Attachment



GOVERNMENT OF PUERTO RICO

Puerto Rico Fiscal Agency and Financial Advisory Authority

BY ELECTRONIC MAIL

August 20, 2018

Natalie Jaresko
Executive Director
Financial Oversight & Management Board

Dear Executive Director,

Reference is hereby made to your letter dated August 9, 2018 ("the August letter"), in which you requested the Governor to submit a revised budget for the Puerto Rico Energy Commission ("PREC").

Accordingly, attached you will find a revised budget for the PREC for Fiscal Year 2018-2019. This revised budget is consistent with the letter sent by the PREC to the Financial Oversight & Management Board ("Oversight Board") on July 5, 2018 and with PREC's revenue forecast for Fiscal Year 2018-2019. Said budget provides for a total of \$7,600,000 in expenditures for the current fiscal year, as agreed to by the Oversight Board on the August letter.

We look forward to working with you and your advisors to ensure that the PREC has the necessary resources to guarantee that the Puerto Rico's energy industry is well regulated.

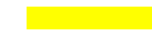
Regards,


Christian Sobrino Vega
Executive Director

Legend:



Need more info and per the NJ instruction we need to distribute amount to regular employees



Not approved

PRESUPUESTO POR PARTIDAS,
ORIGEN DE RECURSOS Y AÑO FISCAL
(CONSOLIDADO)
copia: (OGP-4/ Consolidado)

PRESUPUESTO: Distribución de

Transferencias

Agencia: Comisión de Energía (289)

PARTIDAS DE ASIGNACIÓN		PRESUPUESTO 2018											
		Resolución Conjunta	Asignac. Especiales	Otras Asignac.	Fondo Presupuestario	Fondos Federales (ARRA)	Fondos Federales	Fondos Especiales Estatales	Ingresos Propios	Otros Ingresos	Fondos Mejoras Perman.	Préstamos Emisiones de Bono	Total
Nómina y Costos Relacionados													
1110	Sueldos Puestos Regulares	0	0	0	0	0	0	0	0	531	0	0	531
1114	Sueldos Puestos Confianza	0	0	0	0	0	0	0	861	1,222	0	0	2,083
1120	Sueldos Puestos Transitorios	0	0	0	0	0	0	0	0	0	0	0	0
1410	Compensaciones adicionales a empleados - Bono de N	0	0	0	0	0	0	0	0	10	0	0	10
1412	Compensaciones adicionales a empleados - Bono de N	0	0	0	0	0	0	0	0	0	0	0	0
1415	Bono Navidad- Puestos Confianza	0	0	0	0	0	0	0	4	10	0	0	14
2810	Seguros de empleados- Compensación a Obreros (FSE)	0	0	0	0	0	0	0	26	90	0	0	116
2870	Seguros de Hospital; Atención Médica a Empleados	0	0	0	0	0	0	0	11	60	0	0	71
6410	Contribución al Seguro Social Federal	0	0	0	0	0	0	0	58	160	0	0	218
Total	Partida	0	0	0	0	0	0	0	960	2,083	0	0	3,043

Facilidades y Pagos por Servicios Públicos

2508	Pago de servicios de Teléfonos- Larga Distancia	0	0	0	0	0	0	0	0	25	0	0	25
Total	Partida	0	0	0	0	0	0	0	0	25	0	0	25

Servicios Comprados

2112	Franqueo	0	0	0	0	0	0	0	0	10	0	0	10
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2650	Arrendamientos de otros equipos de oficina	0	0	0	0	0	0	0	0	50	0	0	50
2690	Arrendamiento No Clasificados	0	0	0	0	0	0	0	0	460	0	0	460
2890	Seguros No Clasificados	0	0	0	0	0	0	0	0	100	0	0	100
2980	Servicios Comprados No Clasificados	0	0	0	0	0	0	0	0	117	0	0	117
9761_3	Transferencias a un mismo fondo								600	580			1,180
Total	Partida	0	0	0	0	0	0	0	600	1,317	0	0	1,917

Gastos de Transportación

2220	Servicios de Transportación	0	0	0	0	0	0	0	0	25	0	0	25
Total	Partida	0	0	0	0	0	0	0	0	25	0	0	25

Servicios Profesionales

1290	Servicios profesionales y consultivos- no clasifica	0	0	0	0	0	0	0	0	2,200	0	0	2,200
Total	Partida	0	0	0	0	0	0	0	0	2,200	0	0	2,200

Materiales y Suministros

4012	Materiales y Efectos de Oficina	0	0	0	0	0	0	0	0	30	0		30
4992	Materiales, Suministros y Piezas No Clasificados	0	0	0	0	0	0	0	0	50	0		50
Total	Partida	0	0	0	0	0	0	0	0	80	0	0	80

Compra de Equipo

5050	Equipo de Oficina	0	0	0	0	0	0	0	0	120	0	0	120
5090	Compra de equipo de computadora: Hardware y Softw	0	0	0	0	0	0	0	0	50	0	0	50
5092	Pago de Licencias de Computadoras	0	0	0	0	0	0	0	0	30	0	0	30
5121	Compra de Vehículos de Motor	0	0	0	0	0	0	0	0	80	0	0	80
5490	Equipo no clasificado	0	0	0	0	0	0	0	0	30	0	0	30
Total	Partida	0	0	0	0	0	0	0	0	310	0	0	310

081 Asignación Englobada

6121	Asignaciones sin distribuir	0	0	0	0	0	0	0	0	0	0	0	0
Total	Partida	0	0	0	0	0	0	0	0	0	0	0	0

Total por Programa:

0	0	0	0	0	0	0	0	0	0	0	0	0	0
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Total por Agencia:

0	0	0	0	0	0	0	0	1,560	6,040	0	0	0	7,600
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